and regional licenses for narrowband PCS; and 1,020 licenses for 900 MHz SMR.[63] Further, considering only cellular, PCS, and enhanced SMR, there could be as many as nine competitors in any particular area in the near future. Due to this growth, the CMRS market is a robustly competitive market in which all carriers lack significant market power. Moreover, competition between CMRS providers will continue to increase in the future, further restricting CMRS providers from exercising market power.

The rigors of a competitive marketplace eliminate opportunities and incentives for carriers to establish unjust or unreasonable rates or to otherwise act in a anticompetitive and discriminatory manner. For example, the competitive pricing plans being offered by both cellular and PCS providers have already created substantial downward pressure on service prices and roaming fees. Since 1987, bills for cellular service have declined approximately 64%.[64] The Commission attributes this decline in part to:

> the increasing number of lower priced service packages that are attracting consumers previously unable or unwilling to purchase cellular service because of the perceived high cost of the mobile telephone and charges.[65]

Further, a 1996 report by the Yankee Group indicates that PCS rates are averaging 15%-30% lower than the prices of incumbent cellular operations, again reflecting the effect of competitive pressures on CMRS rates.[66]

---

63 *Id.* at 7.

64 *Id.* at 8.

65 *Id.* (footnote omitted).

66 The Yankee Group, *Pricing Wireless: A Global Comparative Assessment*, Chapter 4 at 4.1 (1996). In this regard, the Yankee Group also identified a trend toward an increasing number of service plans with bundled air time, volume discounts, and features. *Id.* at 4.4.

Indeed, the Commission has long recognized that competition will ensure that CMRS rates practices, classifications, or regulations in connection with that service are just and reasonable and are not unjustly or unreasonably discriminatory.[67] The Commission therefore determined that enforcement of Sections 203, 204 and 205 of the Communications Act to CMRS was unnecessary to protect consumers, and thus forbearance from applying these sections was consistent with the public interest.[68]

B. Forbearance From Imposing Rate Integration Upon CMRS Carriers will Serve the Public Interest

The competitive CMRS marketplace protects consumers and competitors alike from anticompetitive and discriminatory business practices and unjust and discriminatory rates. Thus, traditional economic regulation such as mandatory integration of interstate, interexchange rates has become unduly burdensome and obsolete. Moreover, forbearance from rate integration will facilitate the growth of competition by providing carriers with the flexibility to anticipate what services customers most desire and to respond rapidly to changes in demand for wireless services with innovative service and price options.

As demonstrated above, the "daisy-chain" effect of the affiliate rule will actually work to reduce competition with regard to CMRS long distance rates. For example, under the PrimeCo situation discussed above, the affiliate rule would require four separate carriers to agree to charge the identical rates for their respective CMRS interstate toll services. As noted, numerous other CMRS carriers would be drawn into this rate integration web, with the possible

---

67 *CMRS Second Report and Order*, 9 FCC Rcd. at 1478-81.

68 *Id.* at 1479. The Commission also found that competitive market conditions warrant forbearance from applying Sections 211 and 214. *Id.* at 1481.

result that a single national interexchange, interstate rate plan that could apply to virtually all CMRS carriers.[69] The stifling effect such a result would have on competition in the provision of interstate, interexchange service is self-evident.

In light of the above, PrimeCo believes that new Section 10 compels the Commission to forbear from imposing Section 254(g) rate integration requirements on CMRS carriers, if such requirements do in fact apply to CMRS carriers.

VI. CONCLUSION

For the foregoing reasons, PrimeCo urges the Commission to reconsider its decision to subject CMRS carriers to the rate integration obligations set forth in 47 U.S.C. § 254(g) and 47 C.F.R. § 64.1801. Alternatively, and at a minimum, PrimeCo submits that the Commission must relieve CMRS carriers from the affiliate requirement. In the event CMRS carriers are subject to rate integration, however, the Commission must exercise its authority

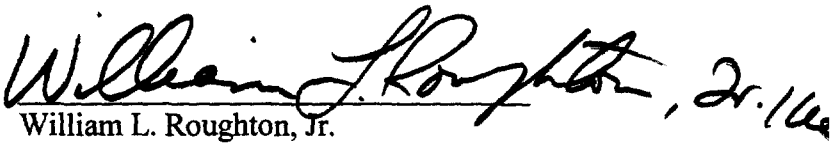
---

[69] *See* BellSouth Comments at 9, Attachments A-C.

under Section 10 of the Communications Act to forbear from applying the rate integration provisions of Section 254(g) to CMRS carriers.

Respectfully submitted,

PRIMECO PERSONAL COMMUNICATIONS, L.P.

By: 

William L. Roughton, Jr.
Associate General Counsel

601 13th Street, N.W.
Suite 320 South
Washington, DC 20005
(202) 628-7750

Its Attorney

October 3, 1997

CERTIFICATE OF SERVICE

I, Jo-Ann G. Monroe, hereby certify that on this 3rd day of October 1997, copies of the foregoing "Petition for Reconsideration Or, In the Alternative, Petition for Forbearance of Primeco Personal Communications, L.P." in CC Docket No. 96-61 were served on the following by hand to:

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

The Honorable James J. Quello
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, D.C. 20554

The Honorable Susan Ness
Federal Communications Commission
1919 M Street, N.W., Room 832
Washington, D.C. 20554

The Honorable Rachelle B. Chong
Federal Communications Commission
1919 M Street, N.W., Room 844
Washington, D.C. 20554

Jackie Chorney
Special Assistant
Office of Chairman Reed E. Hundt
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Rudolfo M. Baca
Office of Commissioner James H. Quello
Federal Communications Commission
1919 M Street, N.W., Room 802
Washington, D.C. 20554

David R. Siddall
Office of Commissioner Susan Ness
Federal Communications Commission
1919 M Street, N.W., Room 832
Washington, D.C. 20554

Suzanne Toller
Office of Commissioner Rachelle B. Chong
Federal Communications Commission
1919 M Street, N.W., Room 844
Washington, D.C. 20554

James D. Schlichting
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 518
Washington, D.C. 20554

Patrick J. Donovan
Common Carrier Bureau
Federal Communications Commission
2033 M Street, N.W., Room 500
Washington, D.C. 20554

William Bailey
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 518
Washington, D.C. 20554

John B. Muleta
Common Carrier Bureau
Federal Communications Commission
2025 M Street, N.W., Room 6008
Washington, D.C. 20554

Jeanine Poltronieri
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 5002
Washington, D.C. 20554

*Wanda Harris
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 518
Washington, D.C. 20554

Dan Phythyon
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 5002
Washington, D.C. 20554

A. Richard Metzger, Jr.
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 712
Washington, D.C. 20554

International Transcription Services
1231 20th Street, N.W.
Washington, D.C. 20036

Herbert E. Marks
James Fink
Squire, Sanders & Dempsey, L.L.P.
1201 Pennsylvania Avenue, N.W.
P. O. Box 407
Washington, D.C. 20044

Rosalind K. Allen
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 7002
Washington, D.C. 20554

Regina M. Keeney
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

Thomas K. Crowe
Michael B. Adams, Jr.
Law Offices of Thomas K. Crowe, P.C.
2300 M Street, N.W., Suite 800
Washington, D.C. 20037

John W. Katz
Director, State-Federal Relations
Office of the State of Alaska
444 North Capitol Street, N.W.
Suite 336
Washington, D.C. 20001

Jo-Ann G. Monroe

*Two copies